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FOREIGN REACTION TO ENACTMENT

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CIA/OER/5-6815-05

5 March 1975

MEMORANDUM FOR:

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3E-05 Headquarters

SUBJECT : Foreign Reaction to Enactment of
the Trade Bill

The attached paper is in response to your request
of 5 March. If you have any further questions, please
call [REDACTED] on Red 1210.

25X1A9a

[REDACTED]
Chief
Multilateral Trade Negotiation
Task Force
Office of Economic Research

Attachment:
As stated

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FOREIGN REACTION TO ENACTMENT OF THE TRADE BILL

Most major foreign governments hailed the enactment of the US Trade Act of 1974, although the Soviet Union and some developing countries -- particularly the OPEC states -- were critical. The act, signed into law by President Ford on 3 January, and a corresponding new European Community negotiating mandate, will provide the framework for the Multilateral Trade Negotiations (MTN).

Japan's Ministry of International Trade and Industry (MITI), commenting on the act, assured its trading partners that Tokyo will "positively promote the new round of multilateral negotiations towards expansion of international trade." Press comment in Europe, Japan, and Canada has been generally favorable, although correspondents, particularly in Paris and Tokyo highlighted the broad new powers the act gives the President to impose additional trade restrictions, including higher tariffs, should the state of domestic industry or the balance of payments require it. Some concern is evident that a further deterioration in the world economic situation could lead to imposition of new trade restrictions by the United States, particularly if little progress is made in the MTN.

Moscow has again made it clear its dissatisfaction with the trade bill's linking of most favored nation status to

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Soviet emigration policies. Criticizing the Jackson amendment as meddling in Soviet internal affairs, Moscow has warned that it will not alter its domestic policy to promote greater US-Soviet trade.

The most strident criticisms of the act have come from more militant developing countries and the OPEC states. The principal goal of the developing countries in the forthcoming negotiations is to achieve preferential treatment for their exports without reciprocal reductions in their import barriers. While the bill provides for such generalized preferences, a number of developing countries, particularly in Latin America, have criticized the exclusion of certain products from preferential treatment and the limits placed on the value of preferential trade in other products.

A number of OPEC states denounced their likely exclusion from the generalized preferences being given to other developed countries. President Perez of Venezuela has urged oilproducing countries to reject this "discriminatory treatment". Another high Venezuelan official termed the exclusion "blackmail". Ecuador has accused the United States of impeding hemispheric cooperation in economic development. Mexico has also objected strenuously to this aspect of the legislation. Although no specific retaliatory action has yet been announced by any OPEC state, Caracas is apparently considering some response.